



## Revenue Management in Revenue Agencies

Presentation to:  
Federation of Tax Administrators

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Sierra Systems



## Revenue Management Agenda

- What Is Revenue Management
- Trends and Evolution
- Drivers
- Challenges
- Service Delivery Models
- Benefits

## Revenue Management

### What Is It?

#### Private Sector

- Optimize business processes and customer information to maximize revenue.

#### Public Sector

- Consolidate and optimize business and systems processes to maximize revenue realization and minimize the cost per dollar collected.

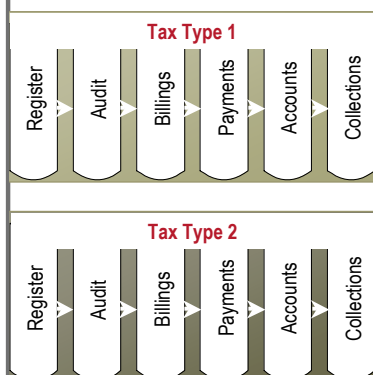


## Revenue Management

### Trends and Evolution \_ Taxation

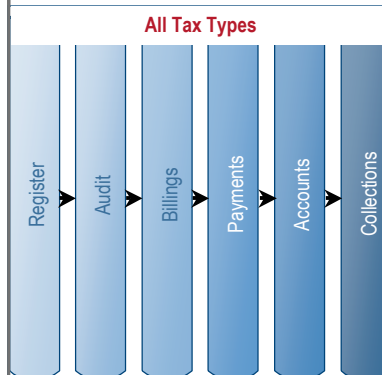
#### Fragmentation In Tax Departments

- Disbursed horizontal and vertical silos by tax type

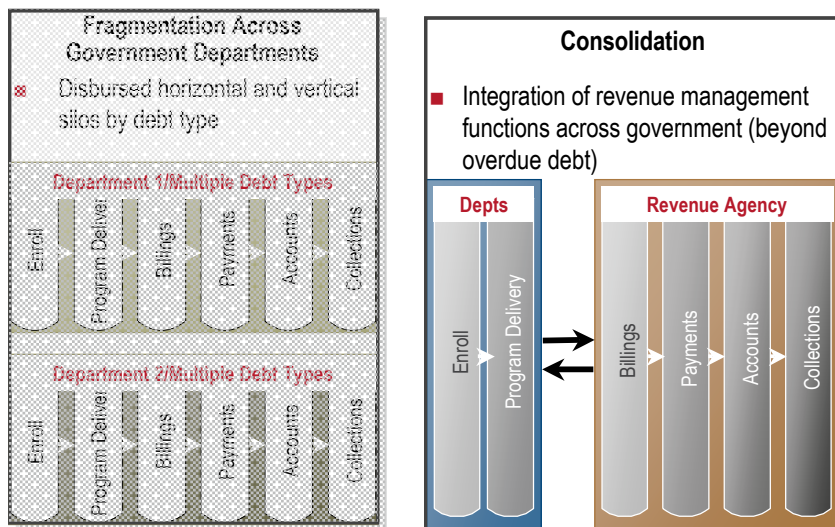


#### Revenue Management For Taxation

- Functional integration across tax types



## Revenue Management Trends and Evolution – All Revenue



## Revenue Management Key Drivers

### The Need For Revenue

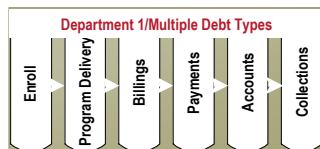
- Constant economic pressure to deliver programs/services in most cost effective manner
- Economic outlook
- Visible benefits of consolidation

### Revenue Management

- Governments have taken most initiatives to maximize cost control
- Cannot rely on economic outlook to change
- Cannot rely on budget increments
- Integrated taxation; Shared Services
  - Revenue leakage
  - Reporting/Decision support
  - Responsiveness to customer needs
  - Efficiency through economies of scale
  - Increased voluntary compliance

## Revenue Management

### The Need For Change – Current Situation Evaluation

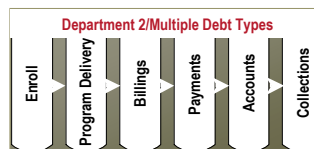


#### Issues

- Variations in focus, concentrated on program/service delivery
  - Performance Measurement System
  - Incentives

- Variations in policies

- Disbursed/disparate systems

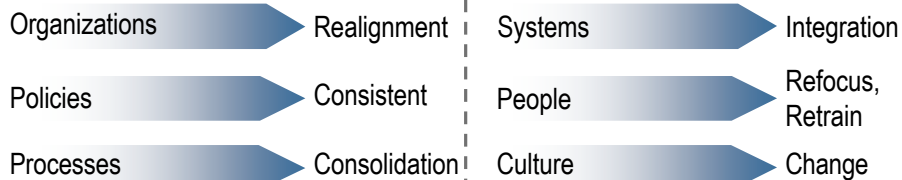
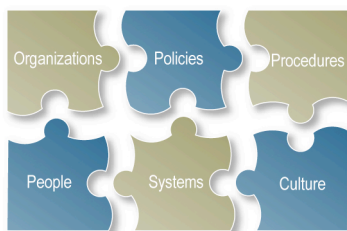


#### Impacts

- Revenue leakage
  - High levels of overdue A/R
  - High levels of write offs
  - Program policy decisions
- Compromises fair and equitable treatment
- Varying levels of data integrity
  - Ineffective, untimely reporting
  - Measurement/Accountability

## Revenue Management

### What's Required



## Revenue Management

### What's Required \_ Challenges

Organizations

Realignment

- Establishing central revenue management agency
  - Ratifying mandate
  - Structuring the agency
- Size and complexity of government organizations
  - Identifying program departments
  - Decoupling program departments from revenue management functions
  - Establishing reciprocal accountability

*Changing the Mind-set*

Culture

Change

- Vision
- Collaboration

## Revenue Management

### What's Required \_ Challenges

Policies &amp; Processes

Consistent, Consolidation

- Review of cross government revenue management legislation and policies:
  - Interest
  - Penalties
  - Statutory collections actions
  - Adjustments
  - Privacy
- Processes:
  - Re-mapping to deliver consistent customer experience
  - Cross functional owners in 'virtual teams'

*Changing the Mind-set*

Culture

Change

- Customer Centric
- Collaboration

## Revenue Management

### What's Required \_ Challenges

Systems

Integration

- Enterprise Revenue Management System
  - Support full A/R Cycle
  - CRM
  - Business Intelligence
- Integration
  - Enterprise Revenue Management System
  - Program Departments
  - Common Identifier

*Changing the Mind-set*

Culture

Change

- Support
- Collaboration

## Revenue Management

### What's Required \_ Challenges

People

Refocus, Retrain

*Changing the Mind-set*

Culture

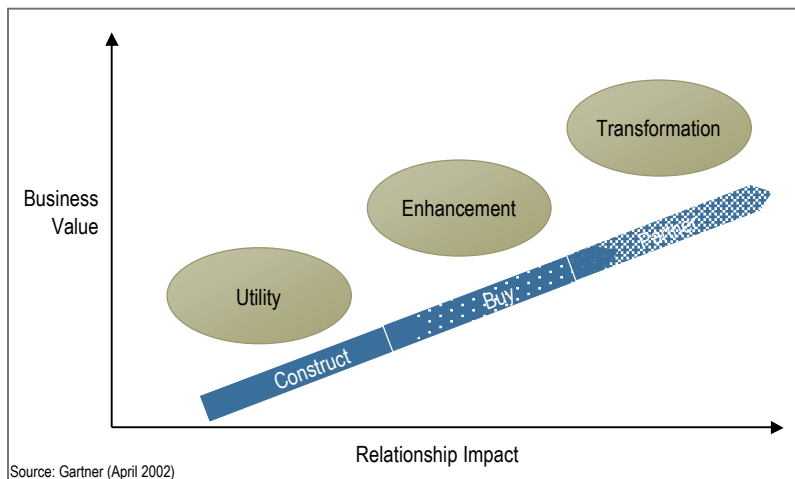
Change

- Customer Centric
- Reward System
- Collaboration

## Revenue Management The Challenge - Transformation



## Revenue Management Service Delivery Models



## Revenue Management Matching Service Delivery Model to Solution Requirement

### Considerations

- Holistic approach
  - Highly interdependent business processes
  - Highly interconnected technology
- Risks of Non-Holistic approach
  - Piecemeal solutions
  - Overhead costs of managing and iterative integration of piecemeal solutions
  - Compromising strategic vision and business objectives

## Revenue Management Matching Service Delivery Model to Solution Requirement



### Considerations

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>■ Internal capacity</li> <li>■ Specialization               <ul style="list-style-type: none"> <li>– Process expertise</li> <li>– Depth of capability (business and technical)</li> <li>– Innovation</li> <li>– Resources</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>■ Transformation               <ul style="list-style-type: none"> <li>– Internal vs. external</li> </ul> </li> <li>■ Flexibility               <ul style="list-style-type: none"> <li>– Convert capital costs to operating costs</li> <li>– Best of breed</li> </ul> </li> <li>■ Risk management</li> </ul> |
|---|--|



## Revenue Management The Potential Benefits

- Reduced barriers to voluntary compliance
- Improved public perception of fair and equitable treatment
- Enhanced integration and collaboration within government



- Maximized revenue realization
- Reduced operating costs
- Increased effectiveness of collections

## Sierra Systems Contact Information

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